ASSEMBLY BILL   No. 2367

Introduced by Assembly Member Leonard

February 24, 2000

An act to add Sections 6051.5 and 6201.5 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2367, as introduced, Leonard. Sales and use taxes: rates.

The Sales and Use Tax Law provides for the levy of taxes at specified rates upon the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. Existing law authorizes cities, counties, and cities and counties to impose local sales and use taxes or transactions and use taxes.

This bill would reduce the state sales and use tax rate by a specified percentage each year, as specified. This bill would provide that this reduction in the state sales and use tax rate does not apply to local sales and use taxes or transactions and use taxes.

This bill would state the intent of the Legislature in enacting these provisions.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1   SECTION 1. The Legislature finds and declares as
2 follows:
3   (a) The State Board of Equalization has estimated that
4 California's consumers did not pay over $18.5 million in
5 sales and use taxes in 1998 by purchasing products over
6 the Internet. Internet sales are currently booming and
7 will continue to grow because they, unlike traditional
8 main street businesses, are free from the shackles of sales
9 tax. The result of consumers shopping on the Internet is
10 that traditional California brick and mortar businesses are
11 left with an unfair playing field by having to add sales tax
12 to their sales prices.
13   (b) It is the intent of the Legislature that
14 California-based businesses be able to compete with
15 Internet companies that do not have to charge consumers
16 sales tax.
17   (c) It is the intent of this act to phaseout the current
18 California state share of sales and use taxes in order to
19 make the total taxes paid by consumers at brick and
20 mortar retail stores closer to the price of a purchase on the
21 Internet.
22   (d) It is the intent of the Legislature that this
23 reduction is only for the state portion of sales and use taxes
24 and that the local share of sales and use taxes remain.
25   SEC. 2. Section 6051.5 is added to the Revenue and
26 Taxation Code, to read:
27   6051.5. (a) Notwithstanding any other provision of
28 law, the sales tax rate imposed pursuant to this part shall
29 be reduced by .003 percent annually until the state
30 portion of the sales tax is reduced to the lowest level
31 consistent with Section 35 of Article XIII of the California
32 Constitution.
33   (b) The reduction of sales tax established by
34 subdivision (a) does not apply with respect to any tax
35 levied under the authority of the Bradley-Burns Uniform
36 Local Sales and Use Tax Law (Part 1.5 (commencing with
37 Section 7200)) or pursuant to the Transactions and Use
38 Tax Law (Part 1.6 (commencing with Section 7251)).

1   (c) This section shall be operative January 1, 2001.
2   SEC. 3. Section 6201.5 is added to the Revenue and
3 Taxation Code, to read:
4   6201.5. (a) Notwithstanding any other provision of
5 law, the use tax rate imposed pursuant to this part shall be
6 reduced by .003 percent annually until the state portion
7 of the use tax is reduced to the lowest level consistent with
8 Section 35 of Article XIII of the California Constitution.
9   (b) The reduction of use tax established by subdivision
10 (a) does not apply with respect to any tax levied under
11 the authority of the Bradley-Burns Uniform Local Sales
12 and Use Tax Law (Part 1.5 (commencing with Section
13 7200)) or pursuant to the Transactions and Use Tax Law
14 (Part 1.6 (commencing with Section 7251)).
15   (c) This section shall be operative January 1, 2001.
16   SEC. 4. This act provides for a tax levy within the
17 meaning of Article IV of the Constitution and shall go into
18 immediate effect.

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